

ORIGINAL



0000091879

E-01575A-08-0328



Sulphur Springs Valley Electric Cooperative, Inc.

A Touchstone Energy Cooperative

2008 DEC 15 P 12:37

Sulphur Springs Valley Electric Cooperative has been diligently working toward a solution to bring quality, reliable power to the Sonoita/Elgin/Patagonia communities. The Sonoita Reliability Project (SRP) has taken years of planning, analysis, design consideration, cost estimation, community participation, review, and has provided SSVEC the information necessary to make sound decisions based upon a balance of the community concerns and requirements of the Cooperative.

As initially identified, the solution to this area's reliability issues is a new substation in Sonoita. Based upon the community's concerns, SSVEC obtained a new substation property in a commercial land use area of Sonoita, rather than using its existing parcel in a residential subdivision. This new land was an additional expense to the project, but benefit to the community and to SSVEC, made it a worthy purchase. This compromise has been positively received by the community.

The 69kV sub-transmission line necessary to energize the substation, has been the most contentious and emotional issue on the SRP. The routing of this line has been the primary focus of the community, and SSVEC has conducted community meetings, met with representative groups and individual property owners, welcomed presentations to the Board of Directors, and received many emails and letters with opinions regarding the line location. Unfortunately there is no real clear choice from the community, which has created a division between neighborhoods.

As a non-partisan entity of this community, SSVEC compiled the route arguments and balanced such with basic aspects of business practices and cost analysis. With these facts in mind, SSVEC has determined the final route for the 69kV sub-transmission line will follow the existing easement along the San Ignacio del Babocomari (SIDB) Land Grant to that particular route known as 'Option 3', being within the Sonoita Hills Subdivision, to an east/west alignment of Highway 83, then to the new substation property on Old Sonoita Road. (see enclosed "Final Corridor Map")

The Pros and Cons of this route have previously been introduced; however, following is final synopsis for the route determination:

Easement establishment: The SIDB easement and affiliated easements to SSVEC's original substation property, Buchanan, have been on record for more than a quarter of a century. These easements are constructively on notice in the Santa Cruz County Recorder's office and the substation property has been signed "Future Home of the Buchanan Substation Site" providing actual notice of the intentions of SSVEC for years now. Many of the community comments have stated an awareness of this easement/substation site, which guided decisions regarding property purchases in this neighborhood – or away from it.

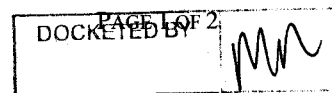
The Buchanan Substation site remains a valuable asset to SSVEC. Unforeseen technological advances in the future may very well allow this property to become an even greater asset to SSVEC's system, therefore alignment of the 69kV sub-transmission line adjacent to this property will allow for any reasonable future use.

Expense of Project: SSVEC's 1982 purchase of the nearly twenty mile SIDB easement, along with utilizing designated utility corridors, has allowed SSVEC to significantly reduce overall project costs due to acquisition of right-of-way. In fact, the savings made possible by the Commission the new substation site, along with the aesthetic design considerations proposed for the project.

DOCKETED

DEC 15 2008

DECEMBER 1, 2008





Sulphur Springs Valley Electric Cooperative, Inc.

A Touchstone Energy® Cooperative

As reviewed in prior presentations, the determined route minimizes power line and pole design configurations which create additional expense in material specifications and labor costs.

Community Concerns:

Expecting the "Not in my Back Yard" (NIMBY) argument for this project, SSVEC presented several route options to the community, with logical reasons for each option, in anticipation that the community would identify an option based upon facts and conclusions. After numerous presentations, emails and letters, it is clear the community is divided, with each neighborhood pushing the project to the other.

SSVEC has continuously affirmed its position regarding this particular alignment, and not foreseeing any further progress for a realistic alternative, believes it is best to move forward. In review of the criteria established for this project, SSVEC stands by the identification that this is the best route choice, with the least impact on the entire Sonoita community.

SSVEC realizes this solution will not please some in the community; however, in moving forward we are hopeful the community, as a whole, will support this decision which benefits all neighbors with improved power quality and reliability. In the coming weeks, SSVEC staff will be meeting with members along this route to discuss additional options that may further reduce impact to their properties and way of life in this community.

As previously mentioned, members have asked about SSVEC's intentions for the Buchanan property given the new substation site location. SSVEC is optimistic about proposals received from the community for use of this property, and is looking forward to hearing more opinions and options.

Finally, the new substation site 'Sonoita', will be undergoing transformation in the coming months. Per Santa Cruz County guidelines, the substation will require a 'solid' fence around the facility, such as a block wall, wood fence, or other material, as well as landscape screening. In presentations and correspondence, SSVEC has been asked about artistic representations for this screening and would like to open up to the community for suggestions as we move forward with design.

SSVEC Staff, Management, and Board of Directors are appreciative of all its members in this community who are so passionate with their concerns for the Sonoita Reliability Project, and look forward to continued association while working towards realizing the solution for quality, reliable electric service to the Sonoita/Elgin/Patagonia communities.

Sincerely,

A handwritten signature in dark ink, appearing to read "Creden W. Huber". The signature is fluid and cursive, with the first name being the most prominent.

Creden W. Huber
Chief Executive Officer

cc: SSVEC Board of Directors
Various Government Officials

